

TRANSMITTAL #8

MEMORANDUM

March 24, 2011

TO: Workforce Development Council

FROM: Roger B. Madsen, Director

Roger B. Madsen

SUBJECT: Governor's "Hire One" Legislation

ACTION REQUESTED: Endorse the Hire One Act

BACKGROUND:

The Hire One Act is aimed at advancing the goals of the Project 60 initiative. It reflects the priorities of taxpayers and reinforces the reputation and reality of Idaho's jobs-friendly environment by encouraging Idaho businesses to reinvest in personnel and recruit new enterprises with rewards for creating more career opportunities in Idaho communities. It sets three levels of qualification for refundable income tax credits based on how each employer is rated by the Department of Labor for payment of unemployment insurance taxes. Positive-rated employers adding an employee would get a refundable tax credit equal to 6 percent of the new employees' gross annual wages. Standard-rated employers would get a refundable tax credit equal to 4 percent of the new employee's gross annual wages. Deficit-rated employers would get a refundable tax credit equal to 2 percent of the new employee's gross annual wages.

The Hire One Act also focuses its encouragement on the hardest hit areas by setting a \$15-per-hour minimum qualifying wage in counties with less than 10 percent unemployment, and a \$12-per-hour minimum qualifying wage in counties with 10 percent or greater unemployment.

The Department of Labor and Division of Financial Management report that the legislation could draw an estimated \$7.9 million per year from the General Fund while helping to generate an estimated \$25.3 million in state tax revenue. This legislation would sunset on December 31, 2013.

STAFF RECOMMENDATION:

Endorse the Hire One Act to show support for the Governor's job creation initiative.

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